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February 3, 1999

## *Via Overnight Delivery*

K. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37219

99-00069

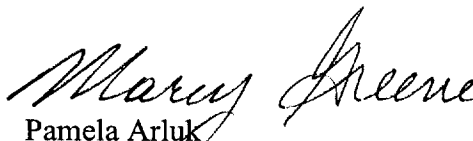
Re: Petition of Excel Operations, Inc., Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc. for Approval of *Pro Forma* Reorganization and Assignment of License

Dear Mr. Waddell:

Excel Operations, Inc., Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc., respectfully submit an original and thirteen (13) copies of the above-referenced Petition for approval of a *pro forma* reorganization and assignment of license. Also enclosed is a check in the amount \$50.00 in payment of the requisite filing fee.

Please date-stamp the enclosed extra copy and return it in the postage-paid enveloped attached. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

  
Pamela Arluk  
Marcy Greene

Their Counsel

Enclosures

cc: Robbin Johnson, Esq.

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REGULATORY AUTH.  
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OFFICE OF THE  
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OFFICE OF THE  
EXECUTIVE SECRETARY

February 19, 1999

## *Via Overnight Delivery*

K. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37219

Re: Petition of Excel Operations, Inc., Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc. for Approval of *Pro Forma* Reorganization and Assignment of License – Docket No. 99-00069

Dear Mr. Waddell:

Excel Operations, Inc., Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc., respectfully submit an original and thirteen (13) copies of this letter to clarify that the above-referenced Petition was submitted pursuant to Tennessee Annotated Code §65-4-113.

Please date-stamp the enclosed extra copy and return it in the postage-paid enveloped attached. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Pamela Artuk  
Marcy Greene

Their Counsel

Enclosures

cc: David Sapper (via facsimile)

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

Petition of \_\_\_\_\_ )  
 )  
Excel Operations, Inc., Telco Holdings, Inc. )  
d/b/a Dial & Save and Long Distance )  
Wholesale Club, Inc. )  
 )  
For Approval of *Pro Forma* Reorganization )  
and Assignment of License )

Case No. 99-00069

**PETITION FOR APPROVAL**

Excel Operations, Inc. ("Excel Operations"), Telco Holdings, Inc. d/b/a Dial & Save ("Telco") and Long Distance Wholesale Club, Inc. ("LDWC") (collectively "Petitioners"), by their undersigned counsel, and pursuant to Tennessee Code Ann. § 65-4-112, hereby notify, and to the extent required, request authority to reorganize their corporate structure and operations and assign their respective certifications to Excel Operations.<sup>1</sup> Telco and LDWC, indirect subsidiaries of Excel Communications, Inc. ("Excel"), are authorized to provide a variety of telecommunications services within Tennessee.

As part of a *pro forma* corporate reorganization (the "Reorganization"), Telco and LDWC will, among other transactions, transfer their operating authority to Excel Operations. As described in greater detail below, the Reorganization involves no change in the ultimate ownership or control of Telco's and LDWC's licenses and operations. The management team and ultimate ownership of the proposed licensee (Excel Operations) following the Reorganization will be the same as Telco and LDWC.

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<sup>1</sup> For the TRA's convenience, we attach as Exhibit A, pre- and post-Reorganization organizational charts depicting the relatively simple changes contemplated.

Petitioners respectfully request expedited treatment of this Petition to permit completion of the Reorganization no later than March 31, 1999. The Petitioners submit the following information in support of this Petition:

**I. THE PETITIONERS**

**A. Excel Operations**

Excel Operations, a Delaware corporation qualified to do business in the State of Tennessee, maintains its principal offices at 8750 North Central Expressway, Suite 2000, Dallas, Texas 75231. A copy of Excel Operations's Certificate of Incorporation is attached hereto as Exhibit B. Petitioners will provide its Certificate of Authority to Transact Business in Tennessee under separate cover. Excel Operations is a wholly-owned subsidiary of Excel Telephone, Inc., a Delaware corporation, which in turn is a wholly-owned subsidiary of ExcelCom Inc., a Delaware corporation, which in turn is a wholly-owned subsidiary of Excel Communications, Inc ("Excel").

Pursuant to a recent corporate merger, Excel became an indirect wholly-owned subsidiary of Teleglobe Inc. ("Teleglobe"). Teleglobe is a Canadian corporation, which is publicly traded on the New York Stock Exchange, the Toronto Stock Exchange and the Montreal Exchange under the stock symbol TGO. Excel Operations is not currently authorized to provide telecommunications services in Tennessee.

Excel Operations will rely upon the substantial financial resources of its parent companies, Excel and Teleglobe to provide telecommunications services in Tennessee. Excel Operations has attached hereto at Exhibit C: (1) the 1997 Annual Report of Excel; and (2) the 1997 Annual Report for Excel Operations's ultimate parent company, Teleglobe. Excel Operations will have the same management team as Telco and LDWC, and therefore, the same technical and managerial resources.

**B. Telco and LDWC**

Telco and LDWC are Delaware corporations qualified to do business in the State of Tennessee. In Tennessee, Telco is authorized to provide resold intrastate interexchange telecommunications services and resold local exchange telecommunications services pursuant to authorization granted by the TRA on September 29, 1997, in Case No. 97-00957. In Tennessee, LDWC is authorized to provide resold intrastate interexchange telecommunications services pursuant to authorization granted by the TRA on April 26, 1996, in Case No. 96-00230. Together, Telco and LDWC are authorized to provide resold long distance telecommunications services and/or local exchange telecommunications services in virtually every state, pursuant to certification, registration or tariff requirements, or on an unregulated basis.

**II. DESIGNATED CONTACTS**

Correspondence or communications pertaining to this Petition should be directed to:

Pamela Arluk, Esq.  
Marcy Greene, Esq.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Tel: (202) 424-7500  
Fax: (202) 424-7645

with a copy to:

Robbin Johnson  
Excel Communications, Inc.  
8750 North Central Expressway  
Suite 2000  
Dallas, Texas 75231

### **III. REQUEST FOR APPROVAL OF *PRO FORMA* REORGANIZATION AND ASSIGNMENT OF LICENSE**

For internal corporate reasons, Teleglobe and Excel have determined that the proposed Reorganization will improve the operational efficiency of the Company. By way of background, on October 14, 1997, Excel purchased Telco Communications Group, Inc., ("TCGI") a long distance service provider. Telco and LDWC were operating subsidiaries of TCGI. In light of this acquisition and the further acquisition of Excel by Teleglobe, both Excel and Teleglobe have determined that consolidation of its technical and managerial resources will significantly improve its operational efficiency. This realization of operational and management efficiencies, and thus cost savings, will ultimately inure to the benefit of the customers of Telco and LDWC in Tennessee.

This reorganization will occur in two steps. Telco Holdings, L.L.C. has been created as a fourth tier subsidiary of Excel, and Long Distance L.L.C. has been created as a third tier subsidiary of Excel. First, Telco will merge into Telco Holdings L.L.C., and LDWC will merge into Long Distance L.L.C., leaving Telco Holdings L.L.C. and Long Distance L.L.C. as the surviving subsidiaries. To the extent required, the Petitioners request approval of this *pro forma* Reorganization. Second, once these mergers are completed, the operating authority (including the certificates to provide telecommunications service) of Telco and LDWC will be transferred to Excel Operations to allow Excel Operations to provide intrastate interexchange and local exchange telecommunications services to the public in Tennessee. To the extent required, the Petitioners request approval to transfer Telco's and LDWC's operating authority to Excel Operations.

Telco Holdings L.L.C. and Long Distance L.L.C. will never provide telecommunications services to the public. Operating authority will be transferred directly from Telco and LDWC to

Excel Operations. Thus, upon completion of the Reorganization, including grant of this Petition, Telco and LDWC will cease to exist, and Excel Operations will be certificated to provide telecommunications services throughout the United States, including in the state of Tennessee. For the TRA's convenience, pre- and post-Reorganization organizational charts are attached as Exhibit A.

The Petitioners propose to consummate the proposed Reorganization by March 31, 1999, subject to the approvals of the Federal Communications Commission and various state authorities and other customary conditions. The creation of Excel Operations and the transfer of the operating authority from Telco and LDWC to Excel Operations will be made in a seamless fashion that will be transparent to consumers and will not in any way inconvenience or have a negative effect on the service provided to the customers of Telco and LDWC. Customers will be able to purchase the same high quality services from Excel Operations that they currently purchase from Telco and LDWC. In addition, upon consummation of the Reorganization, Excel Operations will maintain a tariff that duplicates the service offerings, rates, terms and conditions as filed in the current tariffs of Telco and LDWC. Thus, the former customers of Telco and LDWC will continue to receive the same services that they presently receive at the same rates.

The Reorganization will not effect a change in officers and directors, nor will there be a change in management, operations or service quality provided to customers. In short, after regulatory approval for the Reorganization has been obtained and the certificates of Telco and LDWC have been assigned to Excel Operations, there will be no change in the manner in which service is provided to the public. The proposed Reorganization is simply a paper transaction that will be virtually transparent to customers.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

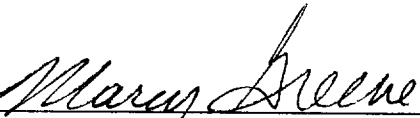
Consummation of the proposed Reorganization will serve the public interest. Consolidation of Telco and LDWC operations will allow the Company to realize maximum efficiency as well as significant cost savings. Enhanced efficiency and improved financial viability will not only ensure the continued provision of high quality and innovative telecommunications services to the existing customers of Telco and LDWC, but also will allow the Company to accelerate its growth as a competitive telecommunications service provider. Consequently, grant of this Petition is consistent with the public interest in promoting competition among telecommunications carriers in Tennessee.



WHEREFORE, for the reasons stated above, Excel Operations, Inc., Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc. submit that the public interest, convenience and necessity would be furthered by a grant of this Petition to consummate the proposed *pro forma* Reorganization and assign the operating authority from Telco Holdings, Inc. d/b/a Dial & Save and Long Distance Wholesale Club, Inc. to Excel Operations, Inc. Petitioners request expedited approval of the instant Petition, and in any event, no later than March 31, 1999.

Respectfully submitted,

**EXCEL OPERATIONS, INC., TELCO  
HOLDINGS, INC. D/B/A DIAL & SAVE AND  
LONG DISTANCE WHOLESALE CLUB, INC.**

By: 

Pamela S. Arluk, Esq.

Marcy Greene, Esq.

Swidler Berlin Shereff Friedman, LLP

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Washington, D.C. 20007

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Their Counsel

Dated: February 3, 1999